

CAMBRIDGE TOWNSHIP
LENAWEE COUNTY
ANNUAL FINANCIAL REPORT
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CAMBRIDGE TOWNSHIP	County LENAWEE
Audit Date 3/31/04	Opinion Date 6/21/04	Date Accountant Report Submitted to State: 7/14/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

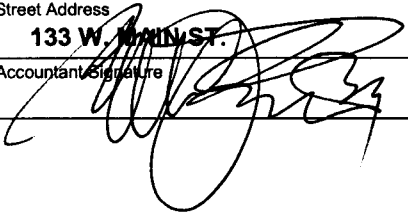
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PHILIP R. RUBLEY, CPA			
Street Address 133 W. MAIN ST.	City MORENCI	State MI	ZIP 49256
Accountant Signature 		Date 6/21/04	

**CAMBRIDGE TOWNSHIP
Comprehensive Annual Report
Year Ended March 31, 2004**

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PHILIP R. RUBLEY

- Certified Public Accountant -

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'S
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

June 21, 2004

Township Board
Township Of Cambridge
Lenawee County, Michigan

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the Township of Cambridge, Lenawee County, Michigan as of March 31, 2004, and for the year ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Cambridge's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Cambridge, Lenawee County, Michigan as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Cambridge, Lenawee County, Michigan.

Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,


Philip R. Rubley, CPA
Morenci, Michigan

PRR/cab

CAMBRIDGE TOWNSHIP
Combined Balance Sheet - All Fund Types And
Account Groups
March 31, 2004

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Assets</u>			
Cash	\$ 303,928	\$ 311,476	\$ ---
Cash Investments	531,596	880,327	---
Stock Investments	---	9	---
Accrued Interest Receivable	---	335	---
Receivables:			
Taxes	203,252	20,155	---
Other	---	---	---
Special Assessments Receivable	23,596	---	---
Due From Other Funds	68,776	3,436	---
Prepaid Expenses	3,146	9,533	---
General Fixed Assets	---	---	---
Amount Provided by Other Funds	---	---	42,798
Total Assets	<u>\$1,134,294</u>	<u>\$1,225,271</u>	<u>\$42,798</u>
<u>Liabilities</u>			
Accounts Payable	\$ 7,401	\$ 9,663	\$ ---
Accrued Payroll Taxes	13,097	8,538	---
Due to Others	207,677	---	---
Due to Other Funds	84	68,293	---
General Notes Payable	---	---	---
Total Liabilities	<u>228,259</u>	<u>86,494</u>	<u>---</u>
<u>Fund Balance</u>			
Investment in General Fixed Assets	---	---	---
Fund Balances:			
Reserved for Debt Service	---	---	42,798
Unreserved:			
Undesignated	906,035	1,138,777	---
Total Fund Balances	<u>906,035</u>	<u>1,138,777</u>	<u>42,798</u>
Total Liabilities			
 And Fund Balance	<u>\$1,134,294</u>	<u>\$1,225,271</u>	<u>\$42,798</u>

See accompanying notes to financial statements.

<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>Long Term Debt</u>	<u>Memorandum Only</u>
\$59,217	\$ ---	\$ ---	\$ 674,621
---	---	---	1,411,923
---	---	---	9
---	---	---	335
---	---	---	223,407
---	---	---	---
1,209	---	---	24,805
---	---	---	72,212
---	---	---	12,679
---	2,027,707	---	2,027,707
---	---	324,900	367,698
<u>\$60,426</u>	<u>\$2,027,707</u>	<u>\$324,900</u>	<u>\$4,815,396</u>
\$ ---	\$ ---	---	\$ 17,064
---	---	---	21,635
56,591	---	---	264,268
3,835	---	---	72,212
---	---	324,900	324,900
<u>60,426</u>	<u>---</u>	<u>324,900</u>	<u>700,079</u>
---	2,027,707	---	2,027,707
---	---	---	42,798
---	---	---	2,044,812
---	2,027,707	---	4,115,317
<u>\$60,426</u>	<u>\$2,027,707</u>	<u>\$324,900</u>	<u>\$4,815,396</u>

CAMBRIDGE TOWNSHIP
Combined Statement Of Revenues, Expenditures And Changes In Fund Balances
All Governmental Fund Types and Expendable Trust Funds
March 31, 2004

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenues</u>
<u>Revenues:</u>		
Property Taxes	\$195,180	\$ 320,044
Special Assessments	37,400	---
Licenses and Permits	91,525	---
State Revenue Sharing	307,745	4,165
Charges for Services	125,946	100,906
Sale of Cemetery Lots	4,575	---
Fines and Forfeits	---	19,164
Contributions	---	925
Interest	24,042	18,777
Miscellaneous	28,714	10,268
Total Revenues	<u>815,127</u>	<u>474,249</u>
<u>Expenditures:</u>		
Legislative Board	64,131	---
Supervisor	27,413	---
Elections	3,511	---
General Service Administration:		
Attorney and Audit	13,302	---
Clerk	34,708	---
Assessor	42,636	---
Board of Review	2,210	---
Treasurer	48,176	---
Township Hall and Grounds	111,767	---
Cemetery	26,989	---
Insurance	11,999	---
Police	---	262,773
Fire	---	220,918
Protective Inspection	68,176	---
Highways and Streets	134,108	---
Cultural and Recreation	4,500	---
Zoning and Planning	28,210	---
Other	---	---
Total Expenditures	<u>621,836</u>	<u>483,691</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>193,291</u>	<u>(9,442)</u>
<u>Other Financing Sources:</u>		
Transfers In	849	32,000
Transfer (Out)	(32,000)	(849)
Total Other Financing Services	<u>(31,151)</u>	<u>31,151</u>
Excess of Revenues And Other Sources Over (Under) Expenditures	162,140	21,709
Fund Balance - April 1, 2003	<u>743,895</u>	<u>1,117,068</u>
Fund Balance - March 31, 2004	<u>\$906,035</u>	<u>\$1,138,777</u>

See accompanying notes to financial statements.

<u>Governmental Fund Types</u>	<u>Totals</u>
<u>Debt</u>	<u>Memorandum</u>
<u>Service</u>	<u>Only</u>
\$ ---	\$ 515,224
42,798	80,198
---	91,525
---	311,910
---	226,852
---	4,575
---	19,164
---	925
---	42,819
---	38,982
<u>42,798</u>	<u>1,332,174</u>
---	64,131
---	27,413
---	3,511
---	13,302
---	34,708
---	42,636
---	2,210
---	48,176
---	111,767
---	26,989
---	11,999
---	262,773
---	220,918
---	68,176
---	134,108
---	4,500
---	28,210
42,798	42,798
<u>42,798</u>	<u>1,148,325</u>
---	183,849
---	32,849
---	<u>(32,849)</u>
---	---
---	183,849
<u>42,798</u>	<u>1,903,761</u>
<u>\$ 42,798</u>	<u>\$2,087,610</u>

See accompanying notes to financial statements.

CAMBRIDGE TOWNSHIP
Combined Statement Of Revenues, Expenditures And Changes
In Fund Balances - Budget (GAAP Basis) And Actual -
General Fund and Special Revenue Funds
March 31, 2004

	<u>General Fund</u>		<u>Over</u> <u>(Under)</u> <u>Budget</u>
	<u>Budget</u>	<u>Actual</u>	
<u>Revenues:</u>			
Property Taxes	\$185,000	\$195,180	\$ 10,180
Special Assessments	12,500	37,400	24,900
Licenses and Permits	18,500	91,525	73,025
State Revenue Sharing	300,000	307,745	7,745
Charges for Services	98,800	125,946	27,146
Sale of Cemetery Lots	5,000	4,575	(425)
Fines and Forfeits	---	---	---
Interest	9,000	24,042	15,042
Miscellaneous	9,500	16,845	7,345
Irish Hills Sanitation	9,400	11,869	2,469
Total Revenues	<u>647,700</u>	<u>815,127</u>	<u>167,427</u>
<u>Expenditures:</u>			
Legislative Board	88,150	64,131	24,019
Supervisor	29,550	27,413	2,137
Elections	4,250	3,511	739
General Services Administration:			
Attorney and Audit	12,750	13,302	(552)
Clerk	36,580	34,708	1,872
Assessor	40,000	42,636	(2,636)
Board of Review	2,300	2,210	90
Treasurer	41,580	48,176	(6,596)
Township Hall and Grounds	99,128	111,767	(12,639)
Cemetery	29,800	26,989	2,811
Insurance	10,000	11,999	(1,999)
Police	---	---	---
Fire	---	---	---
Protective Inspection	49,566	68,176	(18,610)
Highways and Streets	38,841	134,108	(95,267)
Cultural and Recreation	5,500	4,500	1,000
Zoning and Planning	30,200	28,210	1,990
Total Expenditures	<u>518,195</u>	<u>621,836</u>	<u>(103,641)</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>129,505</u>	<u>193,291</u>	<u>63,786</u>
<u>Other Financing Sources:</u>			
Transfers In	1,200	849	(351)
Transfers (Out)	---	(32,000)	(32,000)
Total Other Financing Sources	<u>1,200</u>	<u>(31,151)</u>	<u>(32,351)</u>
Excess Of Revenues And Other Sources Over (Under) Expenditures	<u>130,705</u>	<u>162,140</u>	<u>31,435</u>
Fund Balance - April 1, 2003	<u>743,895</u>	<u>743,895</u>	<u>---</u>
Fund Balance - March 31, 2004	<u>\$874,600</u>	<u>\$906,035</u>	<u>\$ 31,435</u>

See accompanying notes to financial statements.

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
\$ 306,800	\$ 320,044	\$ 13,244
---	---	---
---	---	---
5,000	4,165	(835)
100,200	100,906	706
---	---	---
12,000	19,164	7,164
11,000	18,777	7,777
11,500	11,193	(307)
---	---	---
<u>446,500</u>	<u>474,249</u>	<u>27,749</u>
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
184,900	262,773	(77,873)
283,850	220,918	62,932
---	---	---
---	---	---
---	---	---
---	---	---
---	---	---
<u>468,750</u>	<u>483,691</u>	<u>(14,941)</u>
<u>(22,250)</u>	<u>(9,442)</u>	<u>12,808</u>
---	32,000	32,000
---	(849)	(849)
<u>---</u>	<u>31,151</u>	<u>31,151</u>
(22,250)	21,709	43,959
<u>1,117,068</u>	<u>1,117,068</u>	<u>---</u>
<u>\$1,094,818</u>	<u>\$1,138,777</u>	<u>\$ 43,959</u>

CAMBRIDGE TOWNSHIP
Combining Statement Of Changes In
Assets And Liabilities
All Agency Funds
For The Fiscal Year Ended March 31, 2004

Current Tax Collection Fund

	Balance April 1, 2003	<u>Additions</u>	<u>Deletions</u>	Balance March 31, 2004
<u>Assets</u>				
Cash	\$903,106	\$7,845,012	\$8,744,283	\$ 3,835
Total Assets	<u>\$903,106</u>	<u>\$7,845,012</u>	<u>\$8,744,283</u>	<u>\$ 3,835</u>
<u>Liabilities</u>				
Due to Other Funds	\$543,715	\$ 560,868	\$1,100,748	\$ 3,835
Due to Others	359,391	7,284,144	7,643,535	---
Total Liabilities	<u>\$903,106</u>	<u>\$7,845,012</u>	<u>\$8,744,283</u>	<u>\$ 3,835</u>

Trust And Agency Fund

<u>Assets</u>				
Cash	\$ 746	\$ 19,041	\$ 18,794	\$ 993
Total Assets	<u>\$ 746</u>	<u>\$ 19,041</u>	<u>\$ 18,794</u>	<u>\$ 993</u>
<u>Liabilities</u>				
Due to Other Funds	\$ ---	\$ ---	\$ ---	\$ ---
Due to Others	746	19,041	18,794	993
Total Liabilities	<u>\$ 746</u>	<u>\$ 19,041</u>	<u>\$ 18,794</u>	<u>\$ 993</u>

Drains

<u>Assets</u>				
Cash In Bank	\$ 5,703	\$ 476,198	\$ 422,684	\$59,217
Taxes Receivable	56,909	15,905	71,605	1,209
Total Assets	<u>\$ 62,612</u>	<u>\$ 492,103</u>	<u>\$ 494,289</u>	<u>\$60,426</u>
<u>Liabilities</u>				
Due to Other Funds	\$ ---	\$ ---	\$ ---	\$ ---
Due to Others	62,612	492,103	494,289	60,426
Total Liabilities	<u>\$ 62,612</u>	<u>\$ 492,103</u>	<u>\$ 494,289</u>	<u>\$60,426</u>

See accompanying notes to financial statements.

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

(1) Summary of Significant Accounting Policies

The Township of Cambridge, Lenawee County, Michigan operates under a Township Board, elected to provide services as authorized by its charter: public safety, highways, and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning and general administrative services. There are no other governmental organizations considered to be part of the Township of Cambridge entity for financial reporting purposes. See Note - 14.

The accounting policies of Cambridge Township, Lenawee County, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Fund Accounting

The accounts of Cambridge Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and intergovernmental revenues.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally or regulatory restricted to expenditures for specified purposes.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. These include the Current Tax Collection Fund and Trust and Agency Funds.

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

B. Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

C. Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary, refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

D. Total Columns On Combined Statements - Overview

Total Columns on Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Changes In General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/04</u>
Buildings & Land	\$ 183,149	\$ 1,228	\$ ---	\$ 184,377
Land Improvements	21,893	3,833	---	25,726
Building Improvements	104,218	---	---	104,218
Machinery & Equipment	496,466	74,303	---	570,769
Vehicles	1,046,867	---	---	1,046,867
Office Equipment	95,750	---	---	95,750
Totals	<u>\$1,948,343</u>	<u>\$79,364</u>	<u>\$ ---</u>	<u>\$2,027,707</u>

(3) Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

(4) Property Taxes

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied and payable in one installment. Township property tax revenues are recognized when levied to the extent that they result in current receivables. The Township's policy is to record uncollected real and personal property taxes as taxes receivable. Accordingly, no deferred revenues have been recognized. Delinquent real property taxes are reimbursed to the Village through the County Revolving Fund.

(5) Investments

Investments are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.

Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Stock	\$ ---	\$ 9	\$ ---	\$ 9	\$ 9
Cash and Demand Deposits and Savings Acct.	<u>\$2,086,544</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$2,086,544</u>	<u>\$2,086,544</u>
	<u>\$2,086,544</u>	<u>\$ 9</u>	<u>\$ ---</u>	<u>\$2,086,553</u>	<u>\$2,202,533</u>

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

Note: Cash and demand deposits are insured by FDIC up to limit.

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- A. Bonds and other direct obligations of the United States or its agencies.
- B. Certificates of deposit, savings accounts, deposit accounts or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible under Sections 5 or 6 of Act 104, PA 1855 as amended (MCC 21.145 and 21.146).
- C. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- D. United States government or Federal agency obligation repurchase agreements.
- E. Bankers' acceptance of the United State Banks.
- F. Mutual funds composed of investments, which are legal for direct investments by local units of government in Michigan.

(6) Interfund Receivables and Payables

The amounts of interfund receivables and payables as of March 31, 2004 are summarized as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$68,776	General Fund	\$ 84
Fire Fund	2,997	Fire Fund	8,387
Police Fund	<u>439</u>	Police Fund	59,906
		Current Tax Collection	<u>3,835</u>
	<u>\$72,212</u>		<u>\$72,212</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

(7) Interest Receivable

Interest on investments are recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

(8) Fund Balances

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

(9) Receivables

All receivables are reported at their gross value. No provisions for uncollectible amounts were determined, as all receivables are considered fully collectible.

(10) Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

(11) Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

(12) Budgets And Budgetary Accounting

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the appropriated.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount Of Expenditures</u>	<u>Budget (Variance)</u>
General Fund:			
Audit and Attorney	\$ 12,750	\$ 13,302	\$ 552
Treasurer	41,580	48,176	6,596
Assessor	40,000	42,636	2,636
Township Hall and Grounds	99,128	111,767	12,639
Protection Inspection	49,566	68,176	18,610
Highways and Streets	38,841	134,108	95,267
Police Fund	184,900	262,773	72,873
Insurance	10,000	11,999	1,999

(13) Accumulated Unpaid Benefits

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been shown in the General Long-Term Debt Group of Accounts in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences".

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

(14) Scope Of Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present Cambridge Township, (the primary government).

The financial reporting entity consist of (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are financially dependent on it.

The general purpose financial statement of the Township contains all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

(15) Pension Plan

The Township has a defined contribution pension plan covering all elected officials and full-time employees. The Township contributes 8% of each employees annual salary to the plan. Pension expense for the fiscal year ended March 31, 2004 was 21,919.

(16) Long-Term Debt

Purpose:	Construction
Date of Note:	June 21, 1999
Interest Rate:	5.75%
Interest Payable:	Annual on June 21
Amount of Issue:	\$80,000.00

CAMBRIDGE TOWNSHIP
Notes To Financial Statements
March 31, 2004

<u>DUE DATE</u> <u>(June 21)</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST DUE</u>	<u>TOTAL PAYMENT</u>
2004	\$ 4,380.88	\$ 3,722.12	\$ 8,103.00
2005	4,632.78	3,470.22	8,103.00
2006	4,899.17	3,203.83	8,103.00
2007	5,180.87	2,922.13	8,103.00
2008	5,478.77	2,624.23	8,103.00
2009	5,793.80	2,309.20	8,103.00
2010	6,126.94	1,976.06	8,103.00
2011	6,479.24	1,623.76	8,103.00
2012	6,851.80	1,251.20	8,103.00
2013	7,245.78	857.22	8,103.00
2014	7,662.44	440.59	8,103.03
	<u>\$64,732.47</u>	<u>\$24,400.56</u>	<u>\$89,133.03</u>

(16) Long-Term Debt - Cont'd.

<u>DUE DATE</u> <u>(February 15)</u>	<u>PRINCIPAL DUE</u>	<u>INTEREST DUE</u>	<u>TOTAL PAYMENT</u>
2005	16,483.39	18,211.71	34,695.10
2006	17,637.23	17,057.87	34,695.10
2007	18,871.83	15,823.27	34,695.10
2008	20,192.86	14,502.24	34,695.10
2009	21,606.36	13,088.74	34,695.10
2010	23,118.81	11,576.29	34,695.10
2011	24,737.12	9,957.98	34,695.10
2012	26,468.72	8,226.38	34,695.10
2013	28,321.53	6,373.57	34,695.10
2014	30,304.04	4,391.06	34,695.10
2015	32,425.38	2,269.78	34,695.16
	<u>\$260,167.27</u>	<u>\$121,478.89</u>	<u>\$381,646.16</u>

**CAMBRIDGE TOWNSHIP
General Fund
Balance Sheet
March 31, 2004**

Assets

Cash in Checking	\$ 303,928
Cash in Savings	193,688
Certificate of Deposit	337,908
Account Receivable	23,596
Taxes Receivable	203,252
Due From Other Funds	68,776
Prepaid Insurance	3,146

Total Assets

\$1,134,294

Liabilities And Fund Balance

Liabilities:

Accounts Payable	\$ 7,401
Due to Lenawee County	9,922
Due to State Education Fund	6,786
Due to Onsted Schools	58,391
Due to Lenawee Intermediate Schools	111,174
Due to Jackson Intermediate Schools	7,604
Accrued and Withheld Payroll Taxes	13,097
Monies Held in Escrow/Etc.	13,800
Due To Other Funds	84

Total Liabilities

228,259

Fund Balance:

Unreserved:	
Undesignated	906,035

Total Fund Balance

906,035

Total Liabilities And Fund Balance

\$1,134,294

See accompanying notes to financial statements.

CAMBRIDGE TOWNSHIP
General Fund
Statement Of Revenues, Expenditures, And
Changes In Fund Balance - Budget (GAAP Basis) And Actual
March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property Taxes	\$185,000	\$195,180	\$ 10,180
Special Assessments	12,500	37,400	24,900
Licenses and Permits	18,500	91,525	73,025
State Revenue Sharing	300,000	307,745	7,745
Charges for Services	98,800	125,946	27,146
Sale of Cemetery Lots	5,000	4,575	(425)
Interest	9,000	24,042	15,042
Miscellaneous	9,500	16,845	7,345
Irish Hills Cablevision	9,400	11,869	2,469
Total Revenues	<u>647,700</u>	<u>815,127</u>	<u>167,427</u>
Expenditures:			
Legislative Board	88,150	64,131	24,019
Supervisor	29,550	27,413	2,137
Elections	4,250	3,511	739
General Services Administration:			
Attorney and Audit	12,750	13,302	(552)
Clerk	36,580	34,708	1,872
Assessor	40,000	42,636	(2,636)
Review Board	2,300	2,210	90
Treasurer	41,580	48,176	(6,596)
Township Hall and Grounds	99,128	111,767	(12,639)
Cemetery	29,800	26,989	2,811
Insurance	10,000	11,999	(1,999)
Protective Inspection	49,566	68,176	(18,610)
Highways and Streets	38,841	134,108	(95,267)
Cultural Recreation	5,500	4,500	1,000
Zoning and Planning	30,200	28,210	1,990
Total Expenditures	<u>518,195</u>	<u>621,836</u>	<u>(103,641)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>129,505</u>	<u>193,291</u>	<u>63,786</u>
Other Financing Sources:			
Transfers In	1,200	849	(351)
Transfers (Out)	---	(32,000)	(32,000)
Total Other Financing Sources	<u>1,200</u>	<u>(31,151)</u>	<u>32,351</u>
Excess Of Revenues And Other Sources Over (Under) Expenditures	<u>130,705</u>	<u>162,140</u>	<u>31,435</u>
Fund Balance - April 1, 2003	<u>743,895</u>	<u>743,895</u>	<u>---</u>
Fund Balance - March 31, 2004	<u>\$874,600</u>	<u>\$906,035</u>	<u>\$ 31,435</u>

See accompanying notes to financial statements.

CAMBRIDGE TOWNSHIP
General Fund
Statement Of Expenditures, Compared To Budget (GAAP Basis)
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government			
Legislative Board:			
Salaries and Fringe Benefits	\$ 13,750	\$ 11,622	\$ 2,128
Transportation	100	---	100
Community Promotion - Senior Citizens	900	900	---
Community Promotion - Clean Up	5,000	2,963	2,037
Community Promotion - Cable TV	4,800	4,661	139
Ordinance Enforcement	2,500	1,250	1,250
Dues	7,000	6,763	237
Miscellaneous	2,100	3,592	(1,492)
Capital Outlay	52,000	32,380	19,620
Total Legislative	<u>88,150</u>	<u>64,131</u>	<u>24,019</u>
Supervisor:			
Supervisor's Salary & Fringe Benefits	19,625	19,701	(76)
Transportation	100	---	100
Supplies	8,625	7,712	913
Miscellaneous	1,200	---	1,200
Total Supervisor	<u>29,550</u>	<u>27,413</u>	<u>2,137</u>
Election:			
Salaries and Fringe Benefits	2,000	2,344	(344)
Printing and Publishing	---	---	---
Supplies	2,000	567	1,433
Miscellaneous	250	600	(350)
Total Election	<u>4,250</u>	<u>3,511</u>	<u>739</u>
Clerk:			
Salaries and Fringe Benefits	32,280	30,379	1,901
Transportation	200	315	(115)
Printing and Publishing	3,000	2,832	168
Miscellaneous	1,100	1,182	(82)
Total Clerk	<u>36,580</u>	<u>34,708</u>	<u>1,872</u>
Assessor:			
Salaries and Fringe Benefits	40,000	42,636	(2,636)
Total Assessor	<u>40,000</u>	<u>42,636</u>	<u>(2,636)</u>
Treasurer:			
Salaries and Fringe Benefits	38,330	41,400	(3,070)
Supplies	2,000	6,122	(4,122)
Transportation	200	131	69
Miscellaneous	1,050	523	527
Total Treasurer	<u>41,580</u>	<u>48,176</u>	<u>(6,596)</u>

CAMBRIDGE TOWNSHIP
General Fund
Statement Of Expenditures, Compared To Budget (GAAP Basis)
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cemetery:			
Salaries and Fringe Benefits	\$ 12,300	\$ 11,033	\$ 1,267
Utilities	200	135	65
Supplies	2,200	1,937	263
Transportation	200	155	45
Repairs and Maintenance	1,500	1,346	154
Miscellaneous	1,300	1,041	259
Insurance	2,600	1,864	736
Capital Outlay	3,500	3,833	(333)
Contractual Services	6,000	5,645	355
Total Cemetery	<u>29,800</u>	<u>26,989</u>	<u>2,811</u>
Township Hall and Other Property:			
Salaries and Fringe Benefits	68,778	77,135	(8,357)
Supplies, Etc.	10,000	12,628	(2,628)
Contractual Service	1,000	1,883	(883)
Utilities and Telephone	6,150	5,595	555
Repairs and Maintenance	1,000	176	824
Miscellaneous	2,200	1,351	849
Capital Outlay	---	1,228	(1,228)
Computer Services	10,000	11,771	(1,771)
Total Township Hall	<u>99,128</u>	<u>111,767</u>	<u>(12,639)</u>
Attorney and Audit	<u>12,750</u>	<u>13,302</u>	<u>(552)</u>
Insurance and Bonds	<u>10,000</u>	<u>11,999</u>	<u>(1,999)</u>
Building, Site and Electric Inspectors:			
Salaries and Fringe Benefits	42,866	56,925	(14,059)
Education	1,600	803	797
Contractual Service	---	4,867	(4,867)
Transportation	2,000	3,637	(1,637)
Miscellaneous	1,100	1,150	(50)
Operating Supplies	2,000	794	1,206
Total Building Inspector	<u>49,566</u>	<u>68,176</u>	<u>(18,610)</u>
Board of Review:			
Salaries and Fringe Benefits	2,050	2,086	(36)
Printing and Publishing	75	98	(23)
Supplies	50	---	50
Miscellaneous	125	26	99
Total Board of Review	<u>2,300</u>	<u>2,210</u>	<u>90</u>

CAMBRIDGE TOWNSHIP
General Fund
Statements Of Expenditures, Compared To Budget (GAAP Basis)
Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Highways, Streets & Bridges:</u>			
Contractual Services/Repairs and Maintenance	\$ 38,841	\$134,108	\$ (95,267)
Total Highways, Streets & Bridges	<u>38,841</u>	<u>134,108</u>	<u>(95,267)</u>
<u>Zoning and Planning:</u>			
Salaries and Fringe Benefits	24,500	23,071	1,429
Transportation	2,500	2,506	(6)
Printing and Publishing	1,700	---	1,700
Miscellaneous	500	1,839	(1,339)
Supplies	1,000	794	206
Total Zoning and Planning	<u>30,200</u>	<u>28,210</u>	<u>1,990</u>
<u>Cultural and Recreation:</u>			
Contractual Service	5,500	4,500	1,000
Total Cultural and Recreation	<u>5,500</u>	<u>4,500</u>	<u>1,000</u>
Totals	<u>\$518,195</u>	<u>\$621,836</u>	<u>\$ (103,641)</u>

CAMBRIDGE TOWNSHIP
Combining Balance Sheet
All Special Revenue Funds
March 31, 2004

	<u>Cemetery Fund</u>	<u>Fire Fund</u>	<u>Police Fund</u>	<u>Total March 31, 2004</u>
<u>Assets</u>				
Cash	\$ ---	\$156,192	\$155,284	\$ 311,476
Cash - Savings	88,983	783,641	7,703	880,327
Investments - Common Stock	9	---	---	9
Taxes Receivable	---	10,166	9,989	20,155
Accrued Interest Receivable	---	335	---	335
Due From Other Funds	---	2,997	439	3,436
Prepaid Insurance	---	5,581	3,952	9,533
Total Assets	<u>\$88,992</u>	<u>\$958,912</u>	<u>\$177,367</u>	<u>\$1,225,271</u>
<u>Liabilities And Fund Balance</u>				
<u>Liabilities:</u>				
Accounts Payable	\$ ---	\$ 4,066	\$ 5,597	\$ 9,663
Accrued Expenses	---	15	8,523	8,538
Due to Other Funds	---	8,387	59,906	68,293
Total Liabilities	<u>---</u>	<u>12,468</u>	<u>74,026</u>	<u>86,494</u>
<u>Fund Balance:</u>				
Undesignated	<u>88,992</u>	<u>946,444</u>	<u>103,341</u>	<u>1,138,777</u>
Total Liabilities And Fund Balance	<u>\$88,992</u>	<u>\$958,912</u>	<u>\$177,367</u>	<u>\$1,225,271</u>

See accompanying notes to financial statements.

CAMBRIDGE TOWNSHIP
Combining Statement Of Revenues, Expenditures,
And Change In Fund Balance
All Special Revenue Funds
For the Year Ended March 31, 2004

	<u>Cemetery Fund</u>	<u>Fire Fund</u>	<u>Police Fund</u>	<u>Total March 31, 2004</u>
Revenues				
Property Taxes	\$ ---	\$160,039	\$160,005	\$ 320,044
Charge for Service	---	88,906	12,000	100,906
State Revenue Sharing	---	---	4,165	4,165
Fines and Forfeits	---	---	19,164	19,164
Contributions	925	---	---	925
Interest Income	---	18,203	574	18,777
Miscellaneous	---	9,050	1,218	10,268
Total Revenues	<u>925</u>	<u>276,198</u>	<u>197,126</u>	<u>474,249</u>
Expenditures				
Salaries and Wages	---	86,961	124,691	211,652
Fringe Benefits	---	6,845	37,739	44,584
Contractual Services	---	885	17,536	18,421
Operating Supplies	---	27,707	7,887	35,594
Gas & Oil	---	3,698	7,624	11,322
Repairs and Maintenance	---	21,879	8,956	30,835
Communications	---	16,453	5,189	21,642
Utilities	---	8,118	1,987	10,105
Uniforms	---	895	863	1,758
Community Promotion	---	4,000	---	4,000
Insurance	---	26,439	18,799	45,238
Education and Training	---	3,479	2,064	5,543
Dues & Publications	---	600	---	600
Miscellaneous	---	232	242	474
Capital Outlay	---	12,727	29,196	41,923
Total Expenditures	<u>---</u>	<u>220,918</u>	<u>262,773</u>	<u>483,691</u>
Excess Revenues Over (Under) Expenditures	<u>925</u>	<u>55,280</u>	<u>(65,647)</u>	<u>(9,442)</u>
Other Financing Sources:				
Transfers In	---	---	32,000	32,000
Transfers (Out)	(849)	---	---	(849)
Total Other Financing Sources	<u>(849)</u>	<u>---</u>	<u>32,000</u>	<u>31,151</u>
Excess Of Revenues And Other Sources Over (Under) Expenditures	76	55,280	(33,647)	21,709
Fund Balance - April 1, 2002	<u>88,916</u>	<u>891,164</u>	<u>136,988</u>	<u>1,117,068</u>
Fund Balance - March 31, 2004	<u>\$88,992</u>	<u>\$946,444</u>	<u>\$103,341</u>	<u>\$1,138,777</u>

See accompanying notes to financial statements.

**CAMBRIDGE TOWNSHIP
Trust And Agency Funds
Combining Balance Sheet
March 31, 2004**

	Current Tax Collection Fund	Trust & Agency Fund
<u>Assets</u>		
Cash in Bank	\$3,835	\$ 993
Taxes Receivable	<u>---</u>	<u>---</u>
Total Assets	<u>\$3,835</u>	<u>\$ 993</u>
<u>Liabilities</u>		
Due to Others	\$ ---	\$ 993
Due to General Fund	3,835	---
Due to Police Fund	---	---
Due to Cambridge Fire Fund	<u>---</u>	<u>---</u>
Total Liabilities	<u>\$3,835</u>	<u>\$ 993</u>

See accompanying notes to financial statements.

<u>Drains</u>	<u>Total</u>
\$59,217	\$64,045
<u>1,209</u>	<u>1,209</u>
<u>\$60,426</u>	<u>\$65,254</u>
\$60,426	\$61,419
---	3,835
---	---
<u>---</u>	<u>---</u>
<u>\$60,426</u>	<u>\$65,254</u>

CAMBRIDGE TOWNSHIP
Trust And Agency Funds
Combining Statement Of Cash Receipts And Disbursements
All Agency Funds
Year Ended March 31, 2004

	Current Tax Collection Fund	Trust & Agency Fund
<u>Cash in Bank - April 1, 2003</u>	\$ 903,106	\$ 746
<u>Cash Receipts</u>		
Property Taxes, Fees, Assessments	7,842,084	19,041
Interest and Penalties	2,928	---
Total Cash Receipts	<u>7,845,012</u>	<u>19,041</u>
Total Cash Available	<u>8,748,118</u>	<u>19,787</u>
<u>Cash Disbursements</u>		
Township General Fund	512,147	---
Dog Fees	345	---
Special Assessments	635,897	---
Lenawee County	1,430,647	---
Lenawee County Intermediate School	1,437,927	---
Jackson County Intermediate School	460,456	---
Onsted Schools	1,483,958	---
Other/Refunds	18,436	18,794
Lenawee County Drain Commission	15,905	---
State Education Fund	1,266,697	---
Cambridge Fire Fund	294,128	---
Cambridge Police Fund	294,128	---
Columbia Schools	893,612	---
Total Cash Disbursements	<u>8,744,283</u>	<u>18,794</u>
<u>Cash in Bank - March 31, 2004</u>	<u>\$ 3,835</u>	<u>\$ 993</u>

See accompanying notes to financial statements.

<u>Drains</u>	<u>Total</u>
\$ 5,703	\$ 909,555
475,699	8,336,824
499	3,427
<u>476,198</u>	<u>8,340,251</u>
<u>481,901</u>	<u>9,249,806</u>
---	512,147
---	345
---	635,897
---	1,430,647
---	1,437,927
---	460,456
---	1,483,958
---	37,230
422,684	438,589
---	1,266,697
---	294,128
---	294,128
---	893,612
<u>422,684</u>	<u>9,185,761</u>
<u>\$ 59,217</u>	<u>\$ 64,045</u>

PHILIP R. RUBLEY

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF
AMERICAN INSTITUTE OF C.P.A.'s
& THE MICHIGAN ASSOCIATION OF C.P.A.'s

June 21, 2004

**Township Board
Cambridge Township
Lenawee County, Michigan**

We have examined the combined financial statements of the Cambridge Township, Lenawee County, Michigan and the combining, individual fund and account group financial statements of the Township as of and for the year ended March 31, 2004, and have issued our report thereon dated June 21, 2004. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2004, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all

weaknesses in the system because it was based on selective tests of accounting records and related data. Such study and evaluation disclosed the following conditions that we consider to be material weaknesses for which corrective action by the management of Cambridge Township is recommended:

1. **Budget Adjustments**

Budget adjustments should be made when appropriate and documented by board action in the minutes. The budget should be amended upon approval and shown as final amended budget at year end. Keep the final adjusted budget for year end.

2. **Timing of Transactions**

Apparent timing differences of the posting to the general ledger and the actual receipt of funds in the bank and some disbursements. This is better than last year but still needs improvement.

3. **Documentation**

It is imperative to have actual receipts and documentation supporting expenditures. The Fire and Police Fund needs improvement in this area. This is a second year comment.

4. **Governmental Accounting Standard Board Statement No. 34 - Basic Financial Statements - And Management's Discussion and Analysis**

Effective June 15, 2001 the Governmental Accounting Standard Board pronouncement 34 was set in motion. This changes many items in the reporting model. There are six major differences between the current model and statement 34.

1. Key definitions for governmental reporting. The objective here is to enhance the understandability and usefulness of the general-purpose external financial reports to users. This will require government - wide financial statements along with fund financial statements.
2. Letter of Transmittal and Management Discussion and Analysis. The objective is for management to outline basic information; provide subjective analysis of projects and initiatives, describe service efforts and accomplishments and include descriptions of reporting requirements and acknowledgments.
3. Combined financial statements and government - wide reporting.
4. Infrastructure accounting and reporting.
5. Measurement focus and basis of accounting. The objective - full accrual accounting vs. modified accrual basis for government - wide statements. Fund statements will still be on accrual and modified accrual.

6. Revisions to Fund Financial Statements.

Effective date for Cambridge Township will be years beginning after June 15, 2004. It will be necessary to start by the end of next fiscal year March 31, 2004 to comply for fiscal year March 31, 2005.

5. Infrastructure

Consideration to have an appraisal of assets to conform to GASB No. 34.

6. Adjustments To General Ledger

Any entries made to accounting system after you have run your monthly ledger, requires you to re-run those ledgers so all activity will show up in the ledgers and provide a good audit trail.

7. Miscellaneous Revenues

Better detail of type of receipt, etc. should be put on receipt and in general ledger when posted.

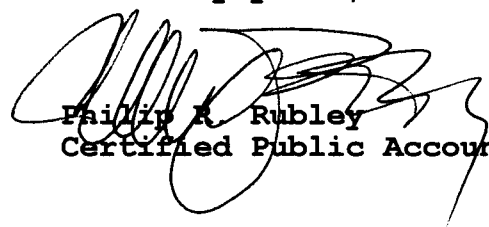
8. Reconcilations Of Bank Accounts

The bank accounts are reconciled appropriately, however they must be tied into monthly to the general ledger balances, maintained by the clerk. This would avoid the comment Number 2.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated June 21, 2004, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Sincerely yours,


Philip A. Rubley
Certified Public Accountant